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MARYLAND HIGHER EDUCATION COMMISSION

Senate Budget and Taxation Subcommittee on Education, Business & Administration

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Secretary's response to recommended action

1. Delete two long-term vacant positions.

The Commission does not concur with the analyst's recommendation to eliminate two long-term vacant positions. One position is the Executive Assistant to the Secretary. A very experienced individual is currently performing these functions on a contractual basis. Funding for the contractual position is provided by keeping the PIN vacant. The PIN is needed to be maintained to provide staff support for the Secretary of Higher Education.

The second PIN was recently filled by a transferring a contractual position that is supported by federal funds. This transfer allowed the position to have benefits, which was necessary to retain the individual.

2. Delete one of three Assistant Secretary positions.

The Commission does not concur with the analyst's recommendation to eliminate one of the three Assistant Secretary positions. The three Assistant Secretary positions are critical to the operation of the agency. The position currently vacant is the Assistant Secretary for Planning and Academic Affairs. This position is responsible for academic planning and policy, including the review and approval of new institutions, academic programs and mission statements, as well as statewide data, policy and analysis, including accountability and MFR reporting. This position is also charged with the review, approval, and regulation of private career schools, among other responsibilities. The agency is currently in the process of conducting a search to fill this position. This position requires specific skills and education with particular focus on experience in the academic arena.

The remaining two Assistant Secretary positions have varying responsibilities that require individuals with appropriate education and experience to successfully perform their job. The Assistant Secretary for Finance Policy and Facilities is responsible for the development and administration of operating and capital budget guidelines and

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formulas, development of finance policy for postsecondary education, administration of HBI Enhancement funding and special programs such as PDIP and IPT. This position is also responsible for policy development and administration of the State's programs of student financial aid and a variety of grant programs. The Assistant Secretary for Administration is responsible for management support services, such as HR, financial reporting, budget formulation and reporting, facilities management, business process development, and general management support, and information technology support for the agency.

The Commission has lost 15 positions (18%) since FY 2002 and implemented numerous activities to increase efficiencies to continue to meet agency responsibilities. As noted in the analysis, the Commission recently completed the 2004 State Plan, which includes a number of major studies and analyses to be completed. The Commission has also begun the process of updating the institutional mission statements. Reduction of staff will have a very serious impact on the ability of the agency to carry out the activities recommended in the plan, the update of the mission statements and continue to meet the other statutory responsibilities of the agency.

3. Delete one position to recognize savings from the consolidation of the Legislative Affairs and Communications units.

The Commission does not concur with the analyst's recommendation to delete one position from the Legislative Affairs and Communications units. State Agencies typically maintain separate Legislative Affairs and Communications units as they are unique functions. Legislative Affairs oversees legislation that is proposed by MHEC as well as legislation that has a fiscal impact on higher education in the State. It requires preparation of testimony, arranging meetings with legislators and monitoring the progress of legislation that impacts on higher education. It also requires meeting year round with all segments of the higher education community and keeping legislators informed about what the issues that are most pressing. Legislative Affairs prepares reports to the Secretary, Governor's Office and others as needed to keep them informed of legislative activity.

The Communications office oversees the dissemination of information to the citizens of Maryland. This includes informing the media, public officials, students, higher education professionals and other interested parties. The office prepares press releases on numerous issues, reports and events that involve the higher education community. MHEC is seen as a resource by both the media and the higher education community. The Communications office is a conduit for identifying spokespeople to provide expertise on a range of topics. The office also oversees a series of publications called "Student Guides" that serve students throughout the State, informing them of opportunities for financial aid and academic programs offered in Maryland. These publications are distributed Statewide through many different venues. The office is also responsible for briefing and preparing the Secretary for

public engagements and coordinating some activities with the Governor's Office. The two offices work closely together and strive for efficiency.

4. Reduce Sellinger program aid to nonpublic institutions.

The Commission supports the Governor's allowance regarding aid to nonpublic institutions.

5. Add budget bill language to restrict the expenditure of enhancement funds for historically black institutions until the agency reports to the budget committees on how the funds will be spent.

The Commission concurs with the analyst's recommendation and will provide a report to the budget committees which detail how the fiscal 2006 enhancement funds will be spent. To assist the Commission in determining the distribution of these funds, the Commission will require the HBIs to submit an enhancement plan for fiscal 2006. The Commission will ask the institutions to include a detailed description of how the institutions plan to spend the funds designated for enhancement and the objectives that they plan to achieve. Based on these submissions, the Commission will determine the appropriate distribution of these funds.

6. Delete funding for the University of Maryland Baltimore County School of Aging Studies.

The Commission does not concur with the analyst's recommendation to delete funding for the UMBC School of Aging Studies. The funding included in the FY 2006 request is matched by a \$5 million gift from the Erickson Foundation to fund initial infrastructure to fully develop the School of Aging Studies at UMBC. Funding from the State and the Erickson Foundation will allow the school to be fully established, thus enhancing UMBC's ability to attract funding for future years from business and industry, foundations and national agencies. The goal of the Erickson School is to be self-sustaining through tuition revenue, research funding and private donations.

The goal of the school is to provide professional education, public policy leadership, and applied research on issues related to middle-aged and older adults. Maryland is facing a significant increase in its population aged 60 and older, growing from 15 percent of the population to 23 percent by 2030. The state also has a higher percentage of older individuals with greater rates of disability than the national average. The School will combine the study of aging with a variety of disciplines to develop and test new and innovative and cost-effective approaches for improving the healthcare, housing and aging services needs of the elderly.

Secretary's comments to issues raised in the Department of Legislative Services Analysis

7. The Secretary should comment on efforts to increase the percentage of new teacher hires in critical shortage areas considering the decline reported in fiscal 2004.

The gap between the percentage of teacher candidates who pass Praxis II exams in Maryland and the percentage that are hired to teach in Maryland is much smaller than the DLS analysis suggests. The statistic showing the percentage of new teacher hires in Maryland public schools who were prepared by Maryland higher education institutions reflects only those in critical shortage areas -- which are a fraction of all teachers. Teacher candidates produced by Maryland institutions represented 76.9 percent of the total number of newly hired teachers in FY 2004. Teacher candidates with credentials in critical shortage areas are greatly in demand, and the figures suggest that many accept jobs in neighboring states or perhaps in occupational areas outside of classroom teaching. State and local officials have implemented a number of incentives and strategies to address the looming teacher shortfall. These statistics suggest that special efforts may be in order to recruit more teacher candidates in shortage areas to Maryland classrooms.

8. The Secretary should comment on the current pace of degrees awarded to racial and ethnic minorities, and efforts to increase the percentage.

There has been considerable progress in bachelor's degree attainment by racial and ethnic minorities attending Maryland colleges and universities. During the past 10 years, the percentage of bachelor's degrees earned by racial/ethnic minorities in general and African Americans in specific surged by 56 percent. Minorities accounted for all of the growth in the number of baccalaureates earned in Maryland during this period. In 2004, minorities earned nearly one-third (31 percent) of all bachelor's degrees awarded at Maryland institutions compared to 23 percent in 1994. During the 10-year period, the proportion of baccalaureates received by African Americans rose from 15 to 20 percent. While this record is very encouraging, the Commission will not be satisfied until the percentage of minorities earning bachelor's degrees reflects their composition in the State's population. The 2004 Maryland State Plan for Postsecondary Education includes a number of planned actions designed to boost degree attainment by minorities, including a statewide initiative to promote academic advising and "cultural competence" at colleges and universities, fulfillment of the State's partnership agreement with the U.S. Office for Civil Rights, and enhancement funding for Maryland's historically black institutions. The Commission also will continue to monitor progress in this area in its review of the performance accountability reports and Minority Achievement Action Plans prepared by the public campuses.

9. The Secretary should comment on MHEC's plans to implement the recommendations of the State plan.

MHEC has developed a draft of an implementation strategy for the 2004 State Plan, which has been reviewed and discussed with the segments. MHEC intends to finalize this strategy document shortly and begin work on the State Plan recommendations.

10. The Secretary should comment on the outlook for regional higher education centers in Maryland.

Commission staff is currently working with the segments to revise the Commission guidelines for regional higher education centers to establish a specific application process for applying for RHEC status and ensuring that RHECs clearly meet the unmet need in their proposed location. The appropriate role and need for RHECs will be also be included in the development of a ten-year growth plan for the State as called for in the 2004 State Plan.

11. The Department of Legislative Services is concerned that institutions are using enhancement funds for on-going expenses that will continue after fiscal 2006. The Secretary should comment on the upcoming review of the State's progress in meeting the OCR commitments.

Regarding the Department of Legislative Service's concern that Maryland's historically black institutions (HBIs) are using the OCR enhancement funds for ongoing operating expenses, the Commission's policy for the allocation of the OCR enhancement funds is that institutions use these funds for one-time operating expenditures and the use of these funds must be related to the Office for Civil Rights (OCR) agreement. The HBIs have used these funds to enhance admissions and enrollment management, institutional financial aid management, technology infrastructure, and academic programs.

For the final review of the State's progress in meeting its OCR commitments, the Commission will provide an extensive report, which will evaluate the progress made on all of the commitments and activities identified in the OCR agreement. Furthermore, the Commission expects to engage in dialogue with OCR to determine whether the commitments were implemented, thus concluding the agreement.

12. DLS recommends that a provision be adopted in budget reconciliation legislation to require opening fall enrollment from the prior year to be used to determine the general fund per full-time equivalent student figure used in calculating the aid formulas for community colleges, Baltimore City Community College, and nonpublic institutions.

The Commission does not concur with the analyst's recommendation to use prior year opening fall enrollment data to estimate the general fund per full-time equivalent student enrollment used to calculate the funding formulae. Historically, the Commission has used budgeted FTEs to derive the general fund per student; a method

recommended by the 1973 Committee to Study Private Higher Education in Maryland (e.g., the Pear Commission). Furthermore, the Commission's current method of computing full-time equivalent enrollment is based on student credit hour enrollment; a methodology nationally recognized and accepted as the method for calculating full-time equivalent enrollment. The opening fall enrollment data recommended by DLS is based on preliminary headcount data, designed to estimate FTEs, and should not be used to calculate important aid formulae for the community colleges, Baltimore City Community College and the nonpublic institutions. In addition, the budgeted FTEs used by the Commission provide a more accurate reflection of the actual FTEs than the DLS recommended opening fall enrollment estimates (Table I).

Table I. Maryland Public Four-Year Institutions

Comparison of Budgeted FTEs as Used in Formula, Actual FTEs, DLS Recommendation, and Projected FTEs

Institution	FY 2000			FY 2001			FY 2002		
	DLS			DLS			DLS		
	Budgeted FTEs as used in Formulae	Actual FTEs	Recommendation: 1999 Opening Fall Enrollment	Budgeted FTEs as used in Formulae	Actual FTEs	Recommendation: 2000 Opening Fall Enrollment	Budgeted FTEs as used in Formulae	Actual FTEs	Recommendation: 2001 Opening Fall Enrollment
Bowie State	3,545	3,283	3,249	3,353	3,224	3,223	3,314	3,677	3,684
Coppin State	3,041	2,768	2,793	3,102	2,804	2,757	2,819	2,988	2,926
Frostburg State	4,242	4,174	4,494	4,284	4,299	4,627	4,327	4,304	4,583
Morgan State	5,570	5,524	5,439	5,740	5,689	5,689	5,860	5,889	5,779
St. Mary's College	1,663	1,594	1,484	1,711	1,556	1,448	1,657	1,699	1,568
Salisbury University	5,060	5,133	5,214	5,090	5,482	5,574	5,120	5,689	5,826
Towson University	12,610	12,826	13,371	13,046	13,003	13,747	13,095	13,354	13,969
UM Baltimore County	7,601	8,087	8,495	8,186	8,446	8,941	8,447	8,864	9,407
UM College Park	25,235	26,138	28,487	25,671	26,591	29,008	26,030	27,544	29,830
UM Eastern Shore	3,141	2,735	2,607	3,461	3,018	2,906	2,806	3,082	2,758
Select Public Four-Year Total	71,708	72,262	75,634	73,644	74,112	77,919	73,475	77,090	80,330
Difference From Actual Accuracy Rate	(554)		3,372	(468)		3,807	(3,615)		3,240
	99%		96%	99%		95%	95%		96%
Institution	FY 2003			FY 2004			FY 2005		
	DLS			DLS			DLS		
	Budgeted FTEs as used in Formulae	Actual FTEs	Recommendation: 2002 Opening Fall Enrollment	Budgeted FTEs as used in Formulae	Actual FTEs	Recommendation: 2003 Opening Fall Enrollment	Budgeted FTEs as used in Formulae	Actual FTEs	Recommendation: 2003 Opening Fall Enrollment
Bowie State	3,308	3,814	3,706	4,138	3,970	4,077	4,059	N/A	4,140
Coppin State	2,847	2,947	2,929	2,980	2,840	2,873	2,948	N/A	3,095
Frostburg State	4,370	4,439	4,776	4,396	4,503	4,830	4,396	N/A	4,748
Morgan State	6,006	5,990	5,928	6,230	6,092	5,953	6,231	N/A	6,253
St. Mary's College	1,730	1,836	1,706	1,874	1,990	1,841	1,890	N/A	1,866
Salisbury University	5,847	5,882	6,012	6,134	5,985	5,997	6,134	N/A	6,191
Towson University	13,455	13,771	14,518	13,524	13,561	14,299	13,805	N/A	14,694
UM Baltimore County	8,980	9,116	9,756	9,200	9,271	9,957	9,300	N/A	9,957
UM College Park	26,825	28,106	31,008	27,001	28,254	31,456	27,993	N/A	31,183
UM Eastern Shore	3,116	3,348	3,274	3,370	3,261	3,441	3,440	N/A	3,412
Select Public Four-Year Total	76,484	79,249	83,613	78,847	79,727	84,723	80,196		85,538
Difference From Actual Accuracy Rate	(2,765)		4,364	(880)		4,996			
	97%		95%	99%		94%			

Sources: Maryland State Operating Budget Books, Maryland Higher Education Commission